

107TH CONGRESS  
1ST SESSION

# H. R. 2160

To provide for the establishment of individual development accounts.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 13, 2001

Mr. PITTS (for himself, Mr. STENHOLM, Mr. WATTS of Oklahoma, Mr. HALL of Ohio, Mr. ENGLISH, Ms. DELAURO, Mr. SOUDER, Mr. DAVIS of Illinois, Mr. RAMSTAD, Mr. FILNER, Mr. WATKINS of Oklahoma, Ms. NORTON, Mr. BRADY of Texas, Ms. MCCARTHY of Missouri, Mr. SCHAFER, Mr. DOYLE, Ms. HART, Mr. ABERCROMBIE, Mr. EHLERS, Mr. GONZALEZ, Mr. UPTON, Mr. CLAY, Mr. MCHUGH, Ms. BALDWIN, Mr. BURR of North Carolina, Mrs. CLAYTON, Mr. JONES of North Carolina, Ms. SLAUGHTER, Mr. HAYES, Mr. KILDEE, Mrs. MYRICK, Mr. DELAHUNT, Mr. CALVERT, Mr. ROSS, Mrs. EMERSON, and Mr. HORN) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To provide for the establishment of individual development accounts.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Savings for Working  
5 Families Act”.

1 **SEC. 2. PURPOSES.**

2       The purposes of this Act are to provide for the estab-  
3 lishment of individual development account programs that  
4 will—

5           (1) provide individuals and families with limited  
6 means an opportunity to accumulate assets and to  
7 enter the financial mainstream;

8           (2) promote education, homeownership, and the  
9 development of small businesses;

10          (3) stabilize families and build communities;  
11 and

12          (4) support United States economic expansion.

13 **SEC. 3. DEFINITIONS.**

14       As used in this Act:

15           (1) **ELIGIBLE INDIVIDUAL.**—

16           (A) **IN GENERAL.**—The term “eligible indi-  
17 vidual” means an individual who—

18                   (i) has attained the age of 18 years  
19 but not the age of 61;

20                   (ii) is a citizen or legal resident of the  
21 United States;

22                   (iii) is not a student (as defined in  
23 section 151(c)(4)); and

24                   (iv) is a taxpayer the adjusted gross  
25 income of whom for the preceding taxable  
26 year does not exceed—

1 (I) \$20,000, in the case of a tax-  
2 payer described in section 1(c) or 1(d)  
3 of the Internal Revenue Code of 1986;

4 (II) \$25,000, in the case of a  
5 taxpayer described in section 1(b) of  
6 such Code; and

7 (III) \$40,000, in the case of a  
8 taxpayer described in section 1(a) of  
9 such Code.

10 (B) INFLATION ADJUSTMENT.—

11 (i) IN GENERAL.—In the case of any  
12 taxable year beginning after 2002, each  
13 dollar amount referred to in subparagraph  
14 (A)(iv) shall be increased by an amount  
15 equal to—

16 (I) such dollar amount, multi-  
17 plied by

18 (II) the cost-of-living adjustment  
19 determined under section (1)(f)(3) of  
20 the Internal Revenue Code of 1986  
21 for the calendar year in which the tax-  
22 able year begins, by substituting  
23 “2001” for “1992”.

24 (ii) ROUNDING.—If any amount as  
25 adjusted under clause (i) is not a multiple

1                   of \$50, such amount shall be rounded to  
2                   the nearest multiple of \$50.

3                   (2) INDIVIDUAL DEVELOPMENT ACCOUNT.—

4                   The term “Individual Development Account” means  
5                   an account established for an eligible individual as  
6                   part of a qualified individual development account  
7                   program, but only if the written governing instru-  
8                   ment creating the account meets the following re-  
9                   quirements:

10                   (A) The sole owner of the account is the  
11                   individual for whom the account was estab-  
12                   lished.

13                   (B) No contribution will be accepted unless  
14                   it is in cash.

15                   (C) The holder of the account is a quali-  
16                   fied financial institution.

17                   (D) The assets of the account will not be  
18                   commingled with other property except in a  
19                   common trust fund or common investment  
20                   fund.

21                   (E) Except as provided in section 7(b), any  
22                   amount in the account may be paid out only for  
23                   the purpose of paying the qualified expenses of  
24                   the account owner.

1           (3) PARALLEL ACCOUNT.—The term “parallel  
2       account” means a separate, parallel individual or  
3       pooled account for all matching funds and earnings  
4       dedicated to an Individual Development Account  
5       owner as part of a qualified individual development  
6       account program, the sole owner of which is a quali-  
7       fied financial institution, a qualified nonprofit orga-  
8       nization, or an Indian tribe.

9           (4) QUALIFIED FINANCIAL INSTITUTION.—

10           (A) IN GENERAL.—The term “qualified fi-  
11       nancial institution” means any person author-  
12       ized to be a trustee of any individual retirement  
13       account under section 408(a)(2).

14           (B) RULE OF CONSTRUCTION.—Nothing in  
15       this paragraph shall be construed as preventing  
16       a person described in subparagraph (A) from  
17       collaborating with 1 or more contractual affili-  
18       ates, qualified nonprofit organizations, or In-  
19       dian tribes to carry out an individual develop-  
20       ment account program established under sec-  
21       tion 4.

22           (5) QUALIFIED NONPROFIT ORGANIZATION.—  
23       The term “qualified nonprofit organization”  
24       means—

1 (A) any organization described in section  
2 501(c)(3) of the Internal Revenue Code of 1986  
3 and exempt from taxation under section 501(a)  
4 of such Code;

5 (B) any community development financial  
6 institution certified by the Community Develop-  
7 ment Financial Institution Fund; or

8 (C) any credit union chartered under Fed-  
9 eral or State law.

10 (6) INDIAN TRIBE.—The term “Indian tribe”  
11 means any Indian tribe as defined in section 4(12)  
12 of the Native American Housing Assistance and  
13 Self-Determination Act of 1996 (25 U.S.C.  
14 4103(12), and includes any tribal subsidiary, sub-  
15 division, or other wholly owned tribal entity.

16 (7) QUALIFIED INDIVIDUAL DEVELOPMENT AC-  
17 COUNT PROGRAM.—The term “qualified individual  
18 development account program” means a program es-  
19 tablished under section 4 under which—

20 (A) Individual Development Accounts and  
21 parallel accounts are held by a qualified finan-  
22 cial institution; and

23 (B) additional activities determined by the  
24 Secretary as necessary to responsibly develop  
25 and administer accounts, including recruiting,

1 providing financial education and other training  
2 to account owners, and regular program moni-  
3 toring, are carried out by the qualified financial  
4 institution, a qualified nonprofit organization,  
5 or an Indian tribe.

6 (8) QUALIFIED EXPENSE DISTRIBUTION.—

7 (A) IN GENERAL.—The term “qualified ex-  
8 pense distribution” means any amount paid (in-  
9 cluding through electronic payments) or distrib-  
10 uted out of an Individual Development Account  
11 and a parallel account established for an eligible  
12 individual if such amount—

13 (i) is used exclusively to pay the quali-  
14 fied expenses of the Individual Develop-  
15 ment Account owner or such owner’s  
16 spouse or dependents, as approved by the  
17 qualified financial institution, qualified  
18 nonprofit organization, or Indian tribe;

19 (ii) is paid by the qualified financial  
20 institution, qualified nonprofit organiza-  
21 tion, or Indian tribe—

22 (I) except as otherwise provided  
23 in this clause, directly to the unre-  
24 lated third party to whom the amount  
25 is due;

1 (II) in the case of distributions  
 2 for working capital under a qualified  
 3 business plan (as defined in subpara-  
 4 graph (B)(iv)(IV)), directly to the ac-  
 5 count owner;

6 (III) in the case of any qualified  
 7 rollover, directly to another Individual  
 8 Development Account and parallel ac-  
 9 count; or

10 (IV) in the case of a qualified  
 11 final distribution, directly to the  
 12 spouse, dependent, or other named  
 13 beneficiary of the deceased account  
 14 owner; and

15 (iii) is paid after the account owner  
 16 has completed a financial education course  
 17 as required under section 5(b).

18 (B) QUALIFIED EXPENSES.—

19 (i) IN GENERAL.—The term “qualified  
 20 expenses” means any of the following:

21 (I) Qualified higher education ex-  
 22 penses.

23 (II) Qualified first-time home-  
 24 buyer costs.



1 (III) Qualified business capital-  
2 ization or expansion costs.

3 (IV) Qualified rollovers.

4 (V) Qualified final distribution.

5 (ii) QUALIFIED HIGHER EDUCATION  
6 EXPENSES.—

7 (I) IN GENERAL.—The term  
8 “qualified higher education expenses”  
9 has the meaning given such term by  
10 section 72(t)(7) of the Internal Rev-  
11 enue Code of 1986, determined by  
12 treating postsecondary vocational edu-  
13 cational schools as eligible educational  
14 institutions.

15 (II) POSTSECONDARY VOCA-  
16 TIONAL EDUCATION SCHOOL.—The  
17 term “postsecondary vocational edu-  
18 cational school” means an area voca-  
19 tional education school (as defined in  
20 subparagraph (C) or (D) of section  
21 521(4) of the Carl D. Perkins Voca-  
22 tional and Applied Technology Edu-  
23 cation Act (20 U.S.C. 2471(4)))  
24 which is in any State (as defined in  
25 section 521(33) of such Act), as such

1 sections are in effect on the date of  
2 the enactment of this Act.

3 (III) COORDINATION WITH  
4 OTHER BENEFITS.—The amount of  
5 qualified higher education expenses  
6 for any taxable year shall be reduced  
7 as provided in section 25A(g)(2) of  
8 such Code and may not be taken into  
9 account for purposes of determining  
10 qualified higher education expenses  
11 under section 135 or 530 of the Inter-  
12 nal Revenue Code of 1986.

13 (iii) QUALIFIED FIRST-TIME HOME-  
14 BUYER COSTS.—The term “qualified first-  
15 time homebuyer costs” means qualified ac-  
16 quisition costs (as defined in section  
17 72(t)(8) of such Code without regard to  
18 subparagraph (B) thereof) with respect to  
19 a principal residence (within the meaning  
20 of section 121 of such Code) for a qualified  
21 first-time homebuyer (as defined in section  
22 72(t)(8) of such Code).

23 (iv) QUALIFIED BUSINESS CAPITAL-  
24 IZATION OR EXPANSION COSTS.—

1 (I) IN GENERAL.—The term  
2 “qualified business capitalization or  
3 expansion costs” means qualified ex-  
4 penditures for the capitalization or ex-  
5 pansion of a qualified business pursu-  
6 ant to a qualified business plan.

7 (II) QUALIFIED EXPENDI-  
8 TURES.—The term “qualified expendi-  
9 tures” means expenditures included in  
10 a qualified business plan, including  
11 capital, plant, equipment, working  
12 capital, inventory expenses, attorney  
13 and accounting fees, and other costs  
14 normally associated with starting or  
15 expanding a business.

16 (III) QUALIFIED BUSINESS.—  
17 The term “qualified business” means  
18 any business that does not contravene  
19 any law.

20 (IV) QUALIFIED BUSINESS  
21 PLAN.—The term “qualified business  
22 plan” means a business plan which  
23 has been approved by the qualified fi-  
24 nancial institution, qualified nonprofit  
25 organization, or Indian tribe and

1 which meets such requirements as the  
2 Secretary may specify.

3 (v) QUALIFIED ROLLOVERS.—The  
4 term “qualified rollover” means the com-  
5 plete distribution of the amounts in an In-  
6 dividual Development Account and parallel  
7 account to another Individual Development  
8 Account and parallel account established in  
9 another qualified financial institution,  
10 qualified nonprofit organization, or Indian  
11 tribe for the benefit of the account owner.

12 (vi) QUALIFIED FINAL DISTRIBUTION.—The term “qualified final distribu-  
13 tion” means, in the case of a deceased ac-  
14 count owner, the complete distribution of  
15 the amounts in an Individual Development  
16 Account and parallel account directly to  
17 the spouse, any dependent, or other named  
18 beneficiary of the deceased.

19  
20 (9) SECRETARY.—The term “Secretary” means  
21 the Secretary of the Treasury.

1 **SEC. 4. STRUCTURE AND ADMINISTRATION OF QUALIFIED**  
2 **INDIVIDUAL DEVELOPMENT ACCOUNT PRO-**  
3 **GRAMS.**

4 (a) ESTABLISHMENT OF QUALIFIED INDIVIDUAL DE-  
5 VELOPMENT ACCOUNT PROGRAMS.—Any qualified finan-  
6 cial institution, qualified nonprofit organization, or Indian  
7 tribe may establish 1 or more qualified individual develop-  
8 ment account programs which meet the requirements of  
9 this Act.

10 (b) BASIC PROGRAM STRUCTURE.—

11 (1) IN GENERAL.—All qualified individual de-  
12 velopment account programs shall consist of the fol-  
13 lowing 2 components:

14 (A) An Individual Development Account to  
15 which an eligible individual may contribute cash  
16 in accordance with section 5.

17 (B) A parallel account to which all match-  
18 ing funds shall be deposited in accordance with  
19 section 6.

20 (2) TAILORED IDA PROGRAMS.—A qualified fi-  
21 nancial institution, a qualified nonprofit organiza-  
22 tion, or an Indian tribe may tailor its qualified indi-  
23 vidual development account program to allow match-  
24 ing funds to be spent on 1 or more of the categories  
25 of qualified expenses.

1 (c) TAX TREATMENT OF PARALLEL ACCOUNTS.—  
2 Any account described in subparagraph (B) of subsection  
3 (b)(1) is exempt from taxation under the Internal Revenue  
4 Code of 1986.

5 **SEC. 5. PROCEDURES FOR OPENING AND MAINTAINING AN**  
6 **INDIVIDUAL DEVELOPMENT ACCOUNT AND**  
7 **QUALIFYING FOR MATCHING FUNDS.**

8 (a) OPENING AN ACCOUNT.—An eligible individual  
9 may open an Individual Development Account with a  
10 qualified financial institution, a qualified nonprofit organi-  
11 zation, or an Indian tribe upon certification that such indi-  
12 vidual maintains no other Individual Development Ac-  
13 count (other than an Individual Development Account to  
14 be terminated by a qualified rollover).

15 (b) REQUIRED COMPLETION OF FINANCIAL EDU-  
16 CATION COURSE.—

17 (1) IN GENERAL.—Before becoming eligible to  
18 withdraw matching funds to pay for qualified ex-  
19 penses, owners of Individual Development Accounts  
20 must complete a financial education course offered  
21 by a qualified financial institution, a qualified non-  
22 profit organization, an Indian tribe, or a government  
23 entity.

24 (2) STANDARD AND APPLICABILITY OF  
25 COURSE.—The Secretary, in consultation with rep-

1        representatives of qualified individual development ac-  
2        count programs and financial educators, shall estab-  
3        lish minimum quality standards for the contents of  
4        financial education courses and providers of such  
5        courses offered under paragraph (1) and a protocol  
6        to exempt individuals from the requirement under  
7        paragraph (1) because of hardship or lack of need.

8        (c) STATUS AS AN ELIGIBLE INDIVIDUAL.—Federal  
9        income tax forms from the preceding taxable year (or in  
10       the absence of such forms, such documentation as speci-  
11       fied by the Secretary proving the eligible individual’s ad-  
12       justed gross income and the status of the individual as  
13       an eligible individual) shall be presented to the qualified  
14       financial institution, qualified nonprofit organization, or  
15       Indian tribe at the time of the establishment of the Indi-  
16       vidual Development Account and in any taxable year in  
17       which contributions are made to the Account to qualify  
18       for matching funds under section 6(b)(1)(A).

19       (d) DIRECT DEPOSITS.—The Secretary may, under  
20       regulations, provide for the direct deposit of any portion  
21       (not less than \$1) of any overpayment of Federal tax of  
22       an individual as a contribution to the Individual Develop-  
23       ment Account of such individual.

1 **SEC. 6. DEPOSITS BY QUALIFIED INDIVIDUAL DEVELOP-**  
2 **MENT ACCOUNT PROGRAMS.**

3 (a) **PARALLEL ACCOUNTS.**—The qualified financial  
4 institution, qualified nonprofit organization, or Indian  
5 tribe shall deposit all matching funds for each Individual  
6 Development Account into a parallel account at a qualified  
7 financial institution, a qualified nonprofit organization, or  
8 an Indian tribe.

9 (b) **REGULAR DEPOSITS OF MATCHING FUNDS.**—

10 (1) **IN GENERAL.**—Subject to paragraph (2),  
11 the qualified financial institution, qualified nonprofit  
12 organization, or Indian tribe shall not less than  
13 quarterly (or upon a proper withdrawal request  
14 under section 7, if necessary) deposit into the par-  
15 allel account with respect to each eligible individual  
16 the following:

17 (A) A dollar-for-dollar match for the first  
18 \$500 contributed by the eligible individual into  
19 an Individual Development Account with re-  
20 spect to any taxable year.

21 (B) Any matching funds provided by State,  
22 local, or private sources in accordance to the  
23 matching ratio set by those sources.

24 (2) **INFLATION ADJUSTMENT.**—

25 (A) **IN GENERAL.**—In the case of any tax-  
26 able year beginning after 2002, the dollar



1 amount referred to in paragraph (1)(A) shall be  
 2 increased by an amount equal to—

3 (i) such dollar amount, multiplied by

4 (ii) the cost-of-living adjustment de-  
 5 termined under section (1)(f)(3) of the In-  
 6 ternal Revenue Code of 1986 for the cal-  
 7 endar year in which the taxable year be-  
 8 gins, by substituting “2001” for “1992”.

9 (B) ROUNDING.—If any amount as ad-  
 10 justed under subparagraph (A) is not a multiple  
 11 of \$20, such amount shall be rounded to the  
 12 nearest multiple of \$20.

13 (3) CROSS REFERENCE.—

**For allowance of tax credit for Individual Development Account subsidies, including matching funds, see section 30B of the Internal Revenue Code of 1986.**

14 (c) DEPOSIT OF MATCHING FUNDS INTO INDIVIDUAL DEVELOPMENT ACCOUNT OF INDIVIDUAL WHO  
 15 HAS ATTAINED AGE 61.—In the case of an Individual Development Account owner who attains the age of 61, the  
 16 qualified financial institution, qualified nonprofit organization, or Indian tribe which holds the parallel account  
 17 for such individual shall deposit the funds in such parallel  
 18 account into the Individual Development Account of such  
 19 individual on the first day of the succeeding taxable year  
 20 of such individual.

1 (d) UNIFORM ACCOUNTING REGULATIONS.—To en-  
 2 sure proper recordkeeping and determination of the tax  
 3 credit under section 30B of the Internal Revenue Code  
 4 of 1986, the Secretary shall prescribe regulations with re-  
 5 spect to accounting for matching funds in the parallel ac-  
 6 counts.

7 (e) REGULAR REPORTING OF ACCOUNTS.—Any  
 8 qualified financial institution, qualified nonprofit organi-  
 9 zation, or Indian tribe shall report the balances in any  
 10 Individual Development Account and parallel account of  
 11 an individual on not less than an annual basis to such  
 12 individual.

13 **SEC. 7. WITHDRAWAL PROCEDURES.**

14 (a) WITHDRAWALS FOR QUALIFIED EXPENSES.—To  
 15 withdraw money from an individual's Individual Develop-  
 16 ment Account to pay qualified expenses of such individual  
 17 or such individual's spouse or dependents, the qualified  
 18 financial institution, qualified nonprofit organization, or  
 19 Indian tribe shall directly transfer such funds from the  
 20 Individual Development Account, and, if applicable, from  
 21 the parallel account electronically to the distributees de-  
 22 scribed in section 3(8)(A)(ii). If the distributee is not  
 23 equipped to receive funds electronically, the qualified fi-  
 24 nancial institution, qualified nonprofit organization, or In-

1 dian tribe may issue such funds by paper check to the  
2 distributee.

3 (b) WITHDRAWALS FOR NONQUALIFIED EX-  
4 PENSES.—An Individual Development Account owner may  
5 unilaterally withdraw any amount of funds from the Indi-  
6 vidual Development Account for purposes other than to  
7 pay qualified expenses, but shall forfeit a proportionate  
8 amount of matching funds from the individual's parallel  
9 account by doing so, unless such withdrawn funds are re-  
10 contributed to such Account by September 30 following  
11 the withdrawal.

12 (c) WITHDRAWALS FROM ACCOUNTS OF NON-  
13 ELIGIBLE INDIVIDUALS.—If the individual for whose ben-  
14 efit an Individual Development Account is established  
15 ceases to be an eligible individual, such account shall re-  
16 main an Individual Development Account, but such indi-  
17 vidual shall not be eligible for any further matching funds  
18 under section 6(b)(1)(A) during the period—

19 (1) beginning on the first day of the taxable  
20 year of such individual following the beginning of  
21 such ineligibility, and

22 (2) ending on the last day of the taxable year  
23 of such individual in which such ineligibility ceases.

1 (d) TAX TREATMENT OF MATCHING FUNDS.—Any  
 2 amount withdrawn from a parallel account shall not be  
 3 includible in an eligible individual's gross income.

4 (e) WITHDRAWAL LIABILITY RESTS ONLY WITH EL-  
 5 IGIBLE INDIVIDUALS.—Nothing in this Act may be con-  
 6 strued to impose liability on a qualified financial institu-  
 7 tion, a qualified nonprofit organization, or an Indian tribe  
 8 for non-compliance with the requirements of this Act re-  
 9 lated to withdrawals from Individual Development Ac-  
 10 counts.

11 **SEC. 8. CERTIFICATION AND TERMINATION OF QUALIFIED**  
 12 **INDIVIDUAL DEVELOPMENT ACCOUNT PRO-**  
 13 **GRAMS.**

14 (a) CERTIFICATION PROCEDURES.—Upon estab-  
 15 lishing a qualified individual development account pro-  
 16 gram under section 4, a qualified financial institution, a  
 17 qualified nonprofit organization, or an Indian tribe shall  
 18 certify to the Secretary on forms prescribed by the Sec-  
 19 retary and accompanied by any documentation required  
 20 by the Secretary, that—

- 21 (1) the accounts described in subparagraphs
- 22 (A) and (B) of section 4(b)(1) are operating pursu-
- 23 ant to all the provisions of this Act; and
- 24 (2) the qualified financial institution, qualified
- 25 nonprofit organization, or Indian tribe agrees to im-

1       plement an information system necessary to monitor  
2       the cost and outcomes of the qualified individual de-  
3       velopment account program.

4       (b) **AUTHORITY TO TERMINATE QUALIFIED IDA**  
5 **PROGRAM.**—If the Secretary determines that a qualified  
6 financial institution, a qualified nonprofit organization, or  
7 an Indian tribe under this Act is not operating a qualified  
8 individual development account program in accordance  
9 with the requirements of this Act (and has not imple-  
10 mented any corrective recommendations directed by the  
11 Secretary), the Secretary shall terminate such institu-  
12 tion's, nonprofit organization's, or Indian tribe's authority  
13 to conduct the program. If the Secretary is unable to iden-  
14 tify a qualified financial institution, a qualified nonprofit  
15 organization, or an Indian tribe to assume the authority  
16 to conduct such program, then any funds in a parallel ac-  
17 count established for the benefit of any individual under  
18 such program shall be deposited into the Individual Devel-  
19 opment Account of such individual as of the first day of  
20 such termination.

21 **SEC. 9. REPORTING, MONITORING, AND EVALUATION.**

22       (a) **RESPONSIBILITIES OF QUALIFIED FINANCIAL IN-**  
23 **STITUTIONS, QUALIFIED NONPROFIT ORGANIZATIONS,**  
24 **AND INDIAN TRIBES.**—Each qualified financial institu-  
25 tion, qualified nonprofit organization, or Indian tribe that

1 operates a qualified individual development account pro-  
2 gram under section 4 shall report annually to the Sec-  
3 retary within 90 days after the end of each calendar year  
4 on—

5 (1) the number of eligible individuals making  
6 contributions into Individual Development Accounts;

7 (2) the amounts contributed into Individual De-  
8 velopment Accounts and deposited into parallel ac-  
9 counts for matching funds;

10 (3) the amounts withdrawn from Individual De-  
11 velopment Accounts and parallel accounts, and the  
12 purposes for which such amounts were withdrawn;

13 (4) the balances remaining in Individual Devel-  
14 opment Accounts and parallel accounts; and

15 (5) such other information needed to help the  
16 Secretary monitor the cost and outcomes of the  
17 qualified individual development account program  
18 (provided in a non-individually-identifiable manner).

19 (b) RESPONSIBILITIES OF THE SECRETARY.—

20 (1) MONITORING PROTOCOL.—Not later than  
21 12 months after the date of the enactment of this  
22 Act, the Secretary shall develop and implement a  
23 protocol and process to monitor the cost and out-  
24 comes of the qualified individual development ac-  
25 count programs established under section 4.

1           (2) ANNUAL REPORTS.—In each year after the  
2       date of the enactment of this Act, the Secretary  
3       shall submit a progress report to Congress on the  
4       status of such qualified individual development ac-  
5       count programs. Such report shall include from a  
6       representative sample of qualified individual develop-  
7       ment account programs information on—

8           (A) the characteristics of participants, in-  
9       cluding age, gender, race or ethnicity, marital  
10      status, number of children, employment status,  
11      and monthly income;

12          (B) deposits, withdrawals, balances, uses  
13      of Individual Development Accounts, and par-  
14      ticipant characteristics;

15          (C) the characteristics of qualified indi-  
16      vidual development account programs, including  
17      match rate, economic education requirements,  
18      permissible uses of accounts, staffing of pro-  
19      grams in full time employees, and the total  
20      costs of programs; and

21          (D) information on program implementa-  
22      tion and administration, especially on problems  
23      encountered and how problems were solved.

1 **SEC. 10. AUTHORIZATION OF APPROPRIATIONS.**

2       There is authorized to be appropriated to the Sec-  
3 retary \$1,000,000 for fiscal year 2002 and for each fiscal  
4 year through 2008, for the purposes of implementing this  
5 Act, including the reporting, monitoring, and evaluation  
6 required under section 9, to remain available until ex-  
7 pended.

8 **SEC. 11. ACCOUNT FUNDS DISREGARDED FOR PURPOSES**  
9 **OF CERTAIN MEANS-TESTED FEDERAL PRO-**  
10 **GRAMS.**

11       Notwithstanding any other provision of Federal law  
12 that requires consideration of 1 or more financial cir-  
13 cumstances of an individual, for the purposes of deter-  
14 mining eligibility to receive, or the amount of, any assist-  
15 ance or benefit authorized by such provision to be provided  
16 to or for the benefit of such individual, an amount equal  
17 to the sum of—

18           (1) all amounts (including earnings thereon) in  
19       any Individual Development Account; plus

20           (2) the matching deposits made on behalf of  
21       such individual (including earnings thereon) in any  
22       parallel account,

23 shall be disregarded for such purposes.



1 **SEC. 311. MATCHING FUNDS FOR INDIVIDUAL DEVELOP-**  
2 **MENT ACCOUNTS PROVIDED THROUGH A TAX**  
3 **CREDIT FOR QUALIFIED FINANCIAL INSTITU-**  
4 **TIONS.**

5 (a) IN GENERAL.—Subpart B of part IV of sub-  
6 chapter A of chapter 1 of the Internal Revenue Code of  
7 1986 (relating to other credits) is amended by inserting  
8 after section 30A the following new section:

9 **“SEC. 30B. INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-**  
10 **MENT CREDIT FOR QUALIFIED FINANCIAL IN-**  
11 **STITUTIONS.**

12 “(a) DETERMINATION OF AMOUNT.—There shall be  
13 allowed as a credit against the applicable tax for the tax-  
14 able year an amount equal to the individual development  
15 account investment provided by an eligible entity during  
16 the taxable year under an individual development account  
17 program established under section 4 of the Savings for  
18 Working Families Act.

19 “(b) APPLICABLE TAX.—For the purposes of this  
20 section, the term ‘applicable tax’ means the excess (if any)  
21 of—

22 “(1) the tax imposed under this chapter (other  
23 than the taxes imposed under the provisions de-  
24 scribed in subparagraphs (C) through (Q) of section  
25 26(b)(2)), over

1           “(2) the credits allowable under subpart B  
2           (other than this section) and subpart D of this part.

3           “(c) INDIVIDUAL DEVELOPMENT ACCOUNT INVEST-  
4           MENT.—

5           “(1) IN GENERAL.—For purposes of this sec-  
6           tion, the term ‘individual development account in-  
7           vestment’ means, with respect to an individual devel-  
8           opment account program of a qualified financial in-  
9           stitution in any taxable year, an amount equal to the  
10          sum of—

11           “(A) the aggregate amount of dollar-for-  
12          dollar matches under such program under sec-  
13          tion 6(b)(1)(A) of the Savings for Working  
14          Families Act for such taxable year, plus

15           “(B) an amount equal to the sum of—

16           “(i) with respect to each Individual  
17          Development Account opened during such  
18          taxable year, \$100, plus

19           “(ii) with respect to each Individual  
20          Development Account maintained during  
21          such taxable year, \$30.

22          “(2) INFLATION ADJUSTMENT.—

23           “(A) IN GENERAL.—In the case of any  
24          taxable year beginning after 2002, each dollar

1 amount referred to in paragraph (1)(B) shall be  
2 increased by an amount equal to—

3 “(i) such dollar amount, multiplied by

4 “(ii) the cost-of-living adjustment de-  
5 termined under section (1)(f)(3) for the  
6 calendar year in which the taxable year be-  
7 gins, by substituting ‘2001’ for ‘1992’.

8 “(B) ROUNDING.—If any amount as ad-  
9 justed under subparagraph (A) is not a multiple  
10 of \$5, such amount shall be rounded to the  
11 nearest multiple of \$5.

12 “(d) ELIGIBLE ENTITY.—For purposes of this sec-  
13 tion, the term ‘eligible entity’ means a qualified financial  
14 institution, or 1 or more contractual affiliates of such an  
15 institution as defined by the Secretary in regulations.

16 “(e) OTHER DEFINITIONS.—For purposes of this  
17 section, any term used in this section and also in the Com-  
18 munity Solutions Act shall have the meaning given such  
19 term by such Act.

20 “(f) DENIAL OF DOUBLE BENEFIT.—No deduction  
21 or credit (other than under this section) shall be allowed  
22 under this chapter with respect to any expense which is  
23 taken into account under subsection (c)(1)(A) in deter-  
24 mining the credit under this section.

1       “(g) REGULATIONS.—The Secretary may prescribe  
 2 such regulations as may be necessary or appropriate to  
 3 carry out this section, including regulations providing for  
 4 a recapture of the credit allowed under this section (not-  
 5 withstanding any termination date described in subsection  
 6 (h)) in cases where there is a forfeiture under section 7(b)  
 7 of the Savings for Working Families Act in a subsequent  
 8 taxable year of any amount which was taken into account  
 9 in determining the amount of such credit.

10       “(h) APPLICATION OF SECTION.—This section shall  
 11 apply to any expenditure made in any taxable year begin-  
 12 ning after December 31, 2001, and before January 1,  
 13 2009, with respect to any Individual Development Account  
 14 opened before January 1, 2007.”.

15       (b) CONFORMING AMENDMENT.—The table of sec-  
 16 tions for subpart B of part IV of subchapter A of chapter  
 17 1 is amended by inserting after the item relating to section  
 18 30A the following new item:

“Sec. 30B. Individual development account investment credit for qualified finan-  
 cial institutions.”.

19       (c) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to taxable years beginning after  
 21 December 31, 2001.

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